



# FARMERS STATE BANK

624 Main Street, PO Box 8  
Dwight, Kansas 66849  
Phone 785-482-3229

March 8, 2004

Robert A Oleen, Chairman of the Board  
Jan R Oleen, President  
Kent E Oleen, Vice President  
Debra J Brown, Vice President/Cashier  
Lon A Parker, Assistant Cashier  
Brenda C Picolet, Assistant Cashier  
Margaret E Oleen, Bookkeeper

Ms Jennifer J Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

RE: R-1 176: Availability of Funds and Collection of Checks

Dear Ms. Johnson:

This comment letter specifically addresses the treatment of remotely-created demand drafts. Today's technology enables companies to debit consumer's accounts in many different ways.

We look at all paper drafts to see that the customer has on file a signed "Authorization Agreement for Cash Letter Paper Drafts." If we do not have a signed authorization on file, we return the draft as "not authorized". In 99% of the cases, the customer has authorized the draft, usually over the phone. It is time consuming for us to check our files for the signed authorization, and in addition, returning the draft causes the customer an inconvenience, and extra charges.

We would like to request that you consider allowing a time frame in which a financial institution has to return a remotely-created demand draft. Regulation E requires the consumer to notify a financial institution of an unauthorized transfer within 60 days of the date the periodic statement is sent or made available to the consumer.

We would ask the Federal Reserve to allow the financial institution the same time frame for the drafts, in other words, 60 days from the date they send the periodic statement to the consumer to return a remotely-created demand draft for being unauthorized. The time frame needs to be the same for the remotely-created demand drafts as it is for the unauthorized transfers under Regulation E, otherwise we are creating another headache for the financial institutions.

Thank you for your time and attention to this very important matter.

Sincerely,

Brenda C Picolet  
Assistant Cashier